

CONTINUATION OF AN APPLICATION FOR A SEIZURE WARRANT

I, Matthew Markowski, being duly sworn, hereby depose and state as follows:

1. I am Postal Inspector with the United States Postal Inspection Service (“USPIS”) and have been since April 2017. I am currently assigned to the USPIS Detroit Division in Grand Rapids, Michigan. I investigate crimes against the United States Postal Service (“USPS”), including fraudulent activity involving USPS products such as postage and USPS money orders. I also have experience and have received advanced training in the investigation of offenses as it relates to the use of the dark web, internet-based social networking platforms, and digital currencies.

PROPERTY TO BE SEIZED

2. I make this continuation of an application under 18 U.S.C. § 981(a)(1)(C), 18 U.S.C. § 981(b), 18 U.S.C. § 982(a)(2)(B), 21 U.S.C. § 853(f) by 18 U.S.C. § 982(b)(1), and 28 U.S.C. § 2461(c) for a warrant to seize a 2024 BMW M3 bearing California license plate CV22G30 and VIN number WBS43AY05RFS57354 (the “SUBJECT VEHICLE”), registered to Pedro Perez (“Perez”) at 5862 Falon Way, San Jose, CA 95123.

3. As set forth below, there is probable cause to believe that the SUBJECT VEHICLE is subject to civil and criminal forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(C), 984, and 28 U.S.C. § 2461(c) because it constitutes any property, real or personal, which constitutes or is derived from proceeds traceable to wire fraud, in violation of 18 U.S.C. § 1343, and conspiracy to commit wire fraud, in violation of 18 U.S.C. § 1349, and pursuant to 18 U.S.C. § 982(a)(2)(B) because the SUBJECT

VEHICLE is any property constituting, or derived from, proceeds a person obtained directly or indirectly as a result of a violation of 18 U.S.C. § 501, sale of counterfeit postage. The SUBJECT VEHICLE is subject to seizure pursuant to 18 U.S.C. § 981(b) and 21 U.S.C. § 853(f) by 18 U.S.C. § 982(b)(1).

4. Because this warrant application is being submitted for the limited purpose of establishing probable cause that the property is subject to seizure and forfeiture, I have not set forth each and every fact learned during the course of this investigation. I submit this application in part based on personal knowledge derived during this investigation and from numerous other sources, including but not limited to: witness interviews, electronic surveillance, undercover activity, review of financial and social media records, review of USPS records, and information received from other law enforcement officers.

APPLICABLE FORFEITURE STATUTES

5. 18 U.S.C. § 981(a)(1)(C) provides for civil forfeiture of any property, real or personal, which constitutes or is derived from proceeds traceable to a violation of a specified unlawful activity, including violations of 18 U.S.C. § 1343, wire fraud, and 18 U.S.C. § 1349, conspiracy to commit wire fraud.

6. 18 U.S.C. § 981(a)(1)(C), together with 28 U.S.C. § 2461(c), provides for criminal forfeiture of any property, real or personal, which constitutes or is derived from proceeds traceable to a violation of a specified unlawful activity, including violations of 18 U.S.C. § 1343, wire fraud, and 18 U.S.C. § 1349, conspiracy to commit wire fraud.

7. It is a violation of 18 U.S.C. § 501 to make, print, or knowingly use, sell, or possess with intent to use or sell, any forged or counterfeit postage stamp, postage meter stamp, stamped envelope, postal card, die, plate, or engraving thereof.

8. 18 U.S.C. § 981(a)(1)(C) provides for civil forfeiture of any property constituting, or derived from, proceeds a person obtained directly or indirectly as a result of a violation of 18 U.S.C. § 501, sale of counterfeit postage.

9. 18 U.S.C. § 982(a)(2)(B) provides for criminal forfeiture of any property constituting, or derived from, proceeds a person obtained directly or indirectly as a result of a violation of 18 U.S.C. § 501, sale of counterfeit postage.

10. To the extent the seizure warrant is being requested pursuant to criminal forfeiture statutes, there is also probable cause to believe that a protective order pursuant to 21 U.S.C. § 853(e) may not be sufficient to assure the availability of the SUBJECT VEHICLE, which is inherently mobile.

11. Notwithstanding Rule 41 of the Federal Rules of Criminal Procedure, 28 U.S.C. § 1355(d) and 18 U.S.C. § 981(b)(3) authorize any court with jurisdiction over a forfeiture action to issue a seizure warrant for property located in another district. 28 U.S.C. § 1355(b)(1)(A) allows a forfeiture proceeding to be brought in the district court for the district in which any of the acts or omissions giving rise to a forfeiture occurred. The United States may file a civil forfeiture action in the Western District of Michigan because acts in furtherance of the substantive wire fraud, wire fraud conspiracy, and sale of counterfeit postage that give rise to the forfeiture occurred in the Western District of Michigan.

FACTS SUPPORTING PROBABLE CAUSE

12. On July 27, 2023, I received a referral from within USPIS that a large volume of USPS parcels were being mailed from post offices in Holland and Zeeland, Michigan, that contained counterfeit USPS ePostage.¹ The referral identified the sender as S.K., who later became a cooperating witness (the “CW”) following an interview.

13. On July 28, 2023, Postal Inspector Nicholas Williamson and I interviewed the CW at his/her residence. The CW told me he/she purchased the postage from Discord on a server called “Blitz Labels” (the “Blitz Labels Discord Server”).² The CW stated he/she paid for the postage using Venmo. Following the interview, I attempted to gain access to the Blitz Labels Discord Server and found I was unable to join without an invitation from an existing member. I later contacted the CW who sent me an invitation link to join the Blitz Labels Discord Server.

¹ ePostage is an electronic-payment option created by USPS to accommodate the significant growth of ecommerce. This payment method allows small merchants selling goods through an online marketplace to buy postage through their marketplace account, then print the labels and mail their packages. Once the merchant buys the postage, USPS receives payment for numerous postage purchases through one central retailer account instead of receiving payment from each individual purchaser of postage, thereby streamlining payment process, and reducing costs.

² Discord is a messaging platform where millions of users from around the world connect with each other through chat, voice, and video. Discord has both a desktop (PC, Mac, Linux) application and a mobile (iOS, Android) application, and the service can also be accessed from the website directly at www.discordapp.com. According to Discord, a “server” is “an invite-only home for your friends or community.” In my training and experience, it is roughly analogous to a “group” or “channel” on other social media applications.

The Blitz Labels Discord Server

14. On or about August 29, 2023, I joined the Blitz Labels Discord Server in an undercover capacity. I have since conducted several reviews of the Blitz Labels Discord Server and its multiple channels. The Blitz Labels Discord Server listed Blitzsznn (“Blitzsznn”) as the owner. As explained below, I later determined that Blitzsznn is Yael SANCHEZ (“SANCHEZ”).

15. Based on my review of open-source records, the Blitz Labels Discord Server was created on May 1, 2023, and offers USPS shipping labels for sale. Based on my experience and review of USPS records, I know the pricing offered for the USPS postage was significantly less than what a USPS customer would pay for the same postage at a post office. For example, the Blitz Labels Discord Server offers a USPS Priority Mail Express label for a parcel weighing over five pounds and up to 70 pounds for \$12. Based on my review of current rates for mailing a five-pound USPS Priority Mail Express letter, large envelope, or parcel, the price range is \$31.10 to \$107.55. The same label offered by the Blitz Labels Discord Server could be used on a 70-pound USPS Priority Mail Express letter, large envelope, or parcel, which would cost between \$206.65 and \$688.20.³

16. I reviewed messages exchanged on the Blitz Labels Discord Server between members and found multiple conversations suggesting the participants

³ The reason for the price range is because the USPS rates depend on the weight and distance. For example, a USPS Priority Mail large envelope weighing five pounds mailed from Grand Rapids to Detroit, Michigan would cost \$31.10. The same item would cost \$83.55 if mailed from Grand Rapids to Santa Ana, California.

knew they were purchasing illicit or counterfeit postage. For example, on June 8, 2023, Discord user “Vanos” said, “Damn near every tracking reading counterfeit.” Then, I found messages exchanged between multiple members, including owner Blitzsznn, in which Discord user “Mark,” asked, “is it fake labels? Idc [I don’t care] if they are or not as long as they work.” Blitzsznn responded, “non legit.”

17. I also found that the Blitz Labels Discord Server used a “bot” to handle process of its orders and payments. When I first communicated with the bot, I learned the Blitz Labels Discord Server accepted CashApp⁴ at \$Blitzlabels, Venmo⁵ at @Blitzlabels, and bitcoin as payment for the postage. The Blitz Labels Discord Server had a channel titled “Instructions,” which advised: “The bot makes a special code that you will need to add in the notes. Putting this code is very important as this is how the bot detects the payment and adds the credits to the balance. Please copy-paste to avoid any errors.” The bot provided me with the six-character code “EPIXYM.”

Undercover Buys from the Blitz Labels Discord Server

18. On October 20, 2023, I used the code provided to access the Blitz Labels Discord Server from an undercover account. I communicated with the bot to purchase each USPS postage products offered by the Blitz Labels Discord Server at the time

⁴ CashApp is a mobile payment service available in the United States and the United Kingdom that allows users to transfer money to one another using a mobile phone application. Block, Inc. manages records for CashApp, and is headquartered in Oakland, California, in the Northern District of California.

⁵ Venmo is also a mobile payment service available in the United States that allows users to transfer money to one another using a mobile phone application. Venmo is a subsidiary of PayPal Holdings, Inc., which is headquartered in San Jose, California, also in the Northern District of California.

(i.e. USPS Priority Mail, USPS Priority Mail Express). In total, I purchased nine USPS shipping labels. Each label included the same return address in Grand Rapids and destination address in Scottsdale, Arizona. For each undercover purchase, I found the amount I paid for the postage was significantly less than what the USPS would normally charge for the same postage. For example, I paid \$12 for a 17-pound USPS Priority Mail Express parcel. The same parcel would cost \$151.70, if purchased directly from the USPS at a post office.

19. To complete the purchase of the nine shipping labels, I sent approximately \$100 worth of agency-issued Bitcoin (a popular type of cryptocurrency) to a Bitcoin address provided by the bot. My undercover Discord account was then issued 110 credits on the Blitz Labels Discord Server.⁶

20. On November 3, 2023, I conducted a second undercover purchase from the Blitz Labels Discord Server. I purchased a shipping label for a 60-pound Priority Mail parcel with a return address in Grand Rapids, Michigan, and destination address in Phoenix, Arizona. I paid \$6 (six credits) for the shipping label. The same postage I obtained from the Blitz Labels Discord Server would cost \$151.60 if purchased from the USPS at a post office.

21. In addition to the credits used to make the purchase above, I bought \$50 worth of additional credits. The bot provided instructions to send the money to

⁶ One credit is the equivalent of one dollar. The Blitz Labels Discord Server also provided me with a 10% bonus because I paid with cryptocurrency.

@Blitzlabels via Venmo. It also provided me with the code “WHXWJV” which I included with my payment via Venmo.

22. On December 1, 2023, I conducted a third undercover purchase from the Blitz Labels Discord Server. I purchased a shipping label for a 20-pound USPS Priority Mail parcel with a return address in Grand Rapids, Michigan, and destination address in Miami, Florida for \$6 (6 credits). The same shipping label would cost \$53 if purchased from the USPS at a post office. Prior to making the purchase of additional credits, I sent \$25 in agency-issued funds to \$Blitzlabelzz as directed by the bot. I also sent the six-digit code, “GOWOIY,” which was provided to me by the bot.

23. On December 28, 2023, I conducted a fourth undercover purchase from the Blitz Labels Discord Server. I purchased a shipping label for a 10-pound Priority Mail Express parcel with a return address in Grand Rapids, Michigan, and destination address in Miami, Florida, for \$12 (12 credits). The same shipping label would cost \$112.30 if purchased from the USPS at a post office. I used existing credits I had to pay for the shipping label.

24. On March 25, 2024, I conducted a fifth undercover purchase from the Blitz Labels Discord Server. I exchanged messages with the bot and learned I could purchase additional credits to buy USPS postage. The bot stated I could send funds via Venmo to @Blitzlabels via Cash App to \$Blitzlabelzz. The bot also provided an option to purchase credits with bitcoin.

25. On the same date, I purchased 25 credits and sent \$12.50 via Venmo and \$12.50 via Cash App. For each transfer, the bot provided me with a six-digit unique code. Following the transfers, 25 credits were added to my undercover account. I then made a fifth undercover purchase and bought a shipping label for a 5-pound Priority Mail Express parcel with a return address in Grand Rapids, Michigan, and destination address in Casper, Wyoming, for \$9 (9 credits). The same shipping label would cost \$76.90 if purchased from the USPS at a post office.

Confirmation of Fraud Against the USPS

26. On November 2, 2023, I interviewed, K.P., a USPS manager in charge of the USPS mailer identifier (“MID”) program. K.P. advised me that an MID is a unique sequence of numbers given to a USPS customer who requests one. The MID is included in the tracking number and barcode of each mail piece which is used to identify the MID account holder. A MID account holder is typically a business who uses the USPS to mail a high volume of items. A USPS customer uses a MID to track their mailings and obtain detailed scan data regarding their mailings.

27. I provided K.P. with copies of the 9 labels I purchased from the Blitz Labels Discord Server on October 20, 2023. K.P. told me she reviewed them and found three different MID account holders owned the MIDs included on the labels. K.P. told me the MID for each label was “hijacked.” K.P. explained a hijacked MID means the MID was used by someone else other than the MID account holder without their or the USPS’ permission.

28. K.P. told me a MID account holder is expected to provide the USPS with a shipping manifest of the items they intend to mail and prepay the postage. During USPS processing of the mail, the USPS will confirm whether the mail is listed on the manifest and the postage was paid for. If the USPS finds the mail is unmanifested (not paid for or has unpaid postage), the USPS will then send an invoice to the MID account holder for the unpaid postage in addition to extra fee.

29. K.P. told me when the USPS determines a MID is hijacked, the USPS sustains all financial loss associated with the unpaid postage. The USPS does not charge the MID account holder for items mailed with a hijacked MID.

The SUBJECT VEHICLE

30. During the investigation, I reviewed financial records, USPS records, and law enforcement records. I learned SANCHEZ resided at 5862 Falon Way, San Jose, CA 95123 (the "SANCHEZ Residence"). I used electronic and physical surveillance to further confirm SANCHEZ resided at the SANCHEZ Residence.

31. Beginning in mid-March 2024, I observed the SUBJECT VEHICLE parked in the driveway of SANCHEZ RESIDENCE. I had never previously seen the SUBJECT VEHICLE.

32. Using law enforcement resources, I found the SUBJECT VEHICLE was registered to Pedro Perez, SANCHEZ's father, at the SANCHEZ Residence.

33. Using electronic surveillance, I saw that SANCHEZ appeared to be the sole user of the SUBJECT VEHICLE, and that he drove it every day.

Execution of Search Warrant and Interview of SANCHEZ

34. On April 11, 2024, the Honorable Virginia K. DeMarchi, U.S. Magistrate Judge in the Northern District of California, issued a search warrant on my application, for the SANCHEZ residence (CR-24-70559-VKD).

35. On April 16, 2024, I served the search warrant alongside other USPIS agents. I located the SUBJECT VEHICLE parked in the driveway of the SANCHEZ Residence. I also found keys and purchase paperwork for the SUBJECT VEHICLE inside SANCHEZ's bedroom.

36. I interviewed SANCHEZ post-Miranda concerning his involvement with the Blitz Labels Server and regarding the SUBJECT VEHICLE. SANCHEZ admitted he owned and ran the Blitz Labels Server, which sold counterfeit USPS postage.

37. I asked SANCHEZ questions related to the volume of USPS shipping sold on the Blitz Labels Server and how much gross revenue it generated. SANCHEZ told me the bot tracked all of that data. He then showed me the Blitz Labels Server, which was live at the time, on his computer screen in his bedroom.

38. SANCHEZ communicated with the bot and asked it to provide his "profit." The bot then produced a report which indicated the Blitz Labels Server has sold 620,490 USPS shipping labels and produced \$1,856,126.55 in revenue.

39. I asked SANCHEZ questions related to the SUBJECT VEHICLE. SANCHEZ told me he purchased it about one month prior. SANCHEZ told me he purchased it for approximately \$115,000. To complete the purchase, SANCHEZ gave \$50,000 to Pedro Perez (his father) that was used as a downpayment. The remaining

balance was borrowed and financed. SANCHEZ said he could not qualify for a loan of that size, so Perez obtained the loan instead.

40. SANCHEZ told me proceeds from the Blitz Labels Server were used to make the \$50,000 downpayment on the SUBJECT VEHICLE.

41. As mentioned earlier, purchase paperwork related to the BMW was found in SANCHEZ's bedroom. I reviewed the documents and confirmed a \$50,000 downpayment was made on the vehicle. Further, the SUBJECT VEHICLE was purchased on March 14, 2024, for \$119,639.41.

42. Following my interview with SANCHEZ, I had the SUBJECT VEHICLE impounded and towed to a secured facility controlled by the USPIS pending this application to seize the vehicle.

43. Accordingly, based on all the above, there is probable cause that the SUBJECT VEHICLE, which constitutes or is derived from the proceeds of wire fraud and the proceeds from the sale of counterfeit/unauthorized postage, is subject to seizure and forfeiture to the United States.

CONCLUSION

57. Based on upon the above facts, there is probable cause to believe that the SUBJECT VEHICLE is subject to civil and criminal forfeiture pursuant to 18 U.S.C. §§ 981(a)(1)(C), 984, and 28 U.S.C. § 2461(c) because it constitutes any property, real or personal, which constitutes or is derived from proceeds traceable to wire fraud, in violation of 18 U.S.C. § 1343, and conspiracy to commit wire fraud, in violation of 18 U.S.C. § 1349, and pursuant to 18 U.S.C. § 982(a)(2)(B) because the

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58. Based on the information contained in this application, I respectfully request that the Court issue a warrant to seize the SUBJECT VEHICLE pursuant to 18 U.S.C. § 981(b) and 21 U.S.C. § 853(f) by 18 U.S.C. § 982(b)(1).